



**Office of Inspector General**

Board of Governors of the Federal Reserve System  
Bureau of Consumer Financial Protection

## MEMORANDUM

**DATE:** February 13, 2019

**TO:** Kathy Kraninger  
Director  
Bureau of Consumer Financial Protection

**FROM:** Peter Sheridan *Peter Sheridan*  
Associate Inspector General for Information Technology

**SUBJECT:** *Fiscal Year 2018 Risk Assessment of the Bureau's Travel Card Program*

### Executive Summary

We have conducted a risk assessment of the Bureau of Consumer Financial Protection's (Bureau) travel card program to determine the necessary frequency and scope of travel card audits. The results of the risk assessment show that the risk of illegal, improper, or erroneous use in the Bureau's travel card program is *medium*.

Although a risk level of *medium* means that illegal, improper, or erroneous use is likely to occur, such an occurrence would be expected to have a limited effect on current operations and long-term objectives. Nevertheless, the Bureau's Office of Travel and Relocation should continue to take appropriate actions to ensure proper oversight of its program. We completed an audit of the Bureau's travel card program in September 2018.<sup>1</sup> As a result, we will not include an audit of the travel card program in our 2019 audit plan.

### Background

The Government Charge Card Abuse Prevention Act of 2012 requires the Inspector General of each executive agency with more than \$10 million in travel card spending to conduct periodic audits or reviews of travel card programs to analyze the risks of illegal, improper, or erroneous purchases and payments. In September 2013, the Office of Management and Budget (OMB) issued OMB Memorandum M-13-21, *Implementation of Government Charge Card Abuse Prevention Act of 2012*, which states that Inspectors General will conduct annual risk assessments of agency travel card programs to analyze the risks of illegal,

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<sup>1</sup> Office of Inspector General, *The Bureau's Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened*, [OIG Report 2018-FMIC-C-014](#), September 26, 2018.

improper, or erroneous purchases. OMB directed that these risk assessments be used to determine the necessary scope, frequency, and number of audits or reviews of the travel card program.

The Bureau participates in the U.S. General Services Administration's SmartPay 2 program through a task order with the U.S. Department of the Treasury's master contract with Citibank. Within the U.S. Department of the Treasury, the Bureau of the Fiscal Service's Administrative Resource Center provides travel card administrative services and acts as the liaison between the Bureau and Citibank.

The Bureau's Office of Travel and Relocation is responsible for operating the travel card program and ensuring that the program complies with applicable laws, regulations, policies, and procedures. There were 55,059 individually billed account purchases on Bureau government travel cards in fiscal year 2018, totaling approximately \$11.8 million.

## Objective, Scope, and Methodology

Our objective was to analyze the risks of illegal, improper, or erroneous purchases and payments associated with the Bureau's travel card program in order to determine an overall risk level for the program. Our scope included travel card purchases from October 1, 2017, through September 30, 2018.

To conduct our risk assessment, we obtained and reviewed relevant policies and procedures and the results of prior audits and reviews of the program, including our September 2018 audit report on the travel card program. Additionally, we surveyed applicable Bureau officials to identify risks that could prevent their offices from achieving their goals, as well as controls implemented to mitigate those risks.

We used five risk categories in our risk assessment—financial, strategic, operational, compliance, and reputational—as defined below:

- **Financial**—the risk that an event related to the travel card could occur that has a significant financial effect on the Bureau's or the Office of Travel and Relocation's budget process
- **Strategic**—the risk that an event related to the travel card could impede the Bureau's or the Office of Travel and Relocation's ability to achieve its mission and strategic objectives
- **Operational**—the risk that an event related to the travel card could be negatively affected by inadequate, ineffective, or failed business processes, human capital, or technology and information management
- **Compliance**—the risk that an event related to the travel card could hamper the travel card program's ability to comply with applicable laws, regulations, or internal policies and procedures
- **Reputational**—the risk that an internal or external event related to the travel card could diminish the Bureau's or the Office of Travel and Relocation's stature, credibility, or effectiveness

The Office of Travel and Relocation identified inherent risks by relevant risk category and assessed the risks' impact and likelihood. *Impact* is the magnitude of deficiency that could result from the risk, and *likelihood* is the level of possibility that a risk will occur. Our office then assessed the impact and likelihood

of these risks by category, considering the effect of internal controls and other relevant documentation. We assigned a level of risk using the criteria in table 1. We then combined the impact and likelihood of individual risk category levels to arrive at an average overall risk level.

**Table 1. Definitions of Risk Impact and Risk Likelihood, by Level**

Level	Risk impact definition	Risk likelihood definition
High	Significant impact on current operations and long-term objectives	Highly likely to occur
Medium	Limited impact on current operations and long-term objectives	Likely to occur
Low	Minimal impact on current operations and long-term objectives	Unlikely to occur

Source. OIG adaptation of tables from the Federal Reserve Bank of Cleveland's *Toolkit for Functional Risk Assessments*, November 2009.

We conducted our risk assessment work from September 2018 through January 2019.

## Results of Risk Assessment

Table 2 shows each risk category's level for impact and likelihood for the travel card program. The average overall risk level determines the final risk assessment for the Bureau's travel card program.

**Table 2. Impact, Likelihood, and Overall Risk Level, by Risk Category**

Risk category	Impact	Likelihood	Overall risk level
Financial	Medium	Medium	Medium
Strategic	Low	Low	Low
Operational	Low	Low	Low
Compliance	Medium	Medium	Medium
Reputational	High	High	High
<b>Average risk level</b>	<b>Medium</b>	<b>Medium</b>	<b>Medium</b>

Source. OIG analysis.

## Conclusion

The results of the risk assessment show that the risk of illegal, improper, or erroneous use in the Bureau's travel card program is *medium*. Although a risk level of *medium* means that illegal, improper, or

erroneous use is likely to occur, such an occurrence would likely have a limited effect on the Bureau's current operations and long-term objectives. Nonetheless, the Office of Travel and Relocation should continue to take appropriate actions to ensure proper oversight of its program.

This report is provided for informational purposes, and a response is not required. We appreciate the cooperation and assistance provided by your staff during this risk assessment. If you have any questions, please contact Brent Melson, Senior OIG Manager for Information Technology, or me.

cc: Katherine Fulton, Acting Chief Operating Officer and Deputy Chief of Staff  
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